

Terms and Conditions of Purchase

In these general terms and conditions of purchase, any provider of products or services to which a STI-CO purchase order is issued will be referred to as the "Supplier." The requirements outlined in this document apply to all suppliers and their sub-tier suppliers who provide products or services which are incorporated into STI-CO's own products.

1. **Specifications**

Supplier shall supply materials and/or services in compliance with the terms stated herein. In some cases, the supplier may be required to comply with additional STI-CO requirements that may not be covered in this document or that may differ from the requirements referenced herein. In these cases, STI-CO will communicate and document the mutual agreement of said requirements.

2. **Modifications**

Please notify STI-CO in writing if you would like to ask for any exceptions to the purchase order or if you cannot comply with any of the quality requirements listed in this document before acceptance of any order. No modification or amendment of this order shall be effective unless in writing and signed by an authorized representative of both STI-CO and Supplier.

3. **Flow down**

Supplier agrees to implement and flow down any purchase order and or drawing requirements to sub-tier suppliers that directly impacts the deliverable end product to STI-CO. Supplier shall use external providers as designated or approved by STI-CO, including process sources (e.g. special processes.)

The supplier is expected to have a system in place to flow down all pertinent quality and/or material related clauses to sub-tier suppliers that impact the form, fit, or function of materials or end product being delivered to STI-CO. Evidence to confirm the effectiveness of this system may be requested at any time as determined necessary.

4. **Delivery**

Supplier's timely performance is critical to the success of this Order and time will be deemed of the essence of this Order. Supplier will make deliveries strictly in accordance with the delivery schedule contained in this Order. If the Supplier suspects or determines that deliveries will not be made in accordance with that schedule, Supplier shall notify STI-CO of the possible delay, the cause, and the proposed recovery schedule no later than three (3) days after learning of the possible delay and shall continue to notify STI-CO of any material change in the situation.

In the event that (a) STI-CO receives such a notification; or (b) Supplier fails to comply with the schedule, STI-CO may, in addition to all other remedies, (i) require Supplier, at Supplier's expense, to ship goods via air freight or expedited routing to avoid or minimize delay; (ii) require Supplier, at Supplier's expense, to accelerate the production of the goods; and/or (iii) fill this Order or any portion thereof from sources other than Supplier and to reduce Supplier's Order quantities accordingly at no increase in unit price.

Unless otherwise agreed to in writing by STI-CO, any additional cost incurred by STI-CO as a result of late delivery shall be assumed by Supplier. Acceptance by STI-CO of any late delivery shall not constitute a waiver of this section. STI-CO reserves the right, at its sole discretion, to return, or delay payment, for any goods which are received more than fifteen (15) Days early to the terms of the order.

5. **Quantity**

The quantities specified for delivery in this Order are the only quantities required by the Buyer. Therefore, if Supplier delivers quantities in excess of those specified in this Order, the Buyer shall not be required to make any payment for the excess goods and, at the Buyer's election, may keep or return the excess goods at Supplier's sole risk and expense.

6. **Quality Control, Inspection, Acceptance, and Rejection**

Unless otherwise specified and approved by STI-CO, it is recommended the supplier have an established Quality Management System (QMS) in place that is operated in accordance with ISO 9001 and ISO 17025 for calibration at a minimum. Although certification is not required in all cases, it is highly recommended.

Supplier shall maintain a system for validating processes and products compatible with AS9100D Quality System, or other system as required by purchase order.

Supplier shall maintain an outgoing quality inspection system suitable to detect discrepant materials from being delivered to STI-CO. Records of these inspections shall be made available upon request.

Supplier shall use a sampling plan based upon a recognized statistical program such as ANSI Z1.4 & Z1.9 that is appropriate for use or 100% screening with acceptance made on C=0 defectives only.

STI-CO's goal is to achieve and maintain a zero-defect level for incoming quality levels. The percentage of acceptable lots to received lots are maintained and reviewed by STI-CO at regular intervals.

When Supplier suspects that non-conforming product may have been shipped to STI-CO, Supplier shall immediately contact STI-CO and provide the part number and P.O. of the suspected lot.

When Supplier identifies non-conforming product prior to shipment, the supplier shall immediately contact STI-CO and obtain STI-CO's final disposition of the non-conforming product applicable to that purchase order.

Supplier is expected to have a formal root cause and corrective action system in place and will be required to respond to a Supplier Corrective Action Request (SCAR) upon verification of the non-conforming item. Once an issue has occurred and been identified, an immediate action plan will be required to contain and prevent any non-conforming material from being shipped. A final response will be required within the date given on the SCAR. Failure to respond within the allowed timeframe may result in removal from the approved vendors listing, and recoup of any labor cost at the current burdened rate.

Quality records / test data shall be maintained by Supplier and be made available to STI-CO upon request. Unless otherwise specified these records will be maintained for a minimum of 3 years from the date of shipment to STI-CO.

Supplier shall designate personnel with responsibility and authority to ensure that STI-CO requirements are addressed. This includes selection of appropriate product design and development to ensure that all special requirements, critical items or key characteristics are addressed. When required, Supplier shall provide test specimens for design approval, inspection / verification, investigating or auditing.

Supplier shall utilize properly trained personnel in the manufacture of goods for STI-CO. This training shall be evaluated at specified intervals for effectiveness.

A Certificate of Conformance will be required with each shipment stating that the material will, at a minimum, meet the purchase order requirements along with any related engineering drawing specifications with records being available upon request. The document shall include at a minimum the following information:

- i. STI-CO part number and revision level
- ii. Supplier part number and revision level
- iii. Supplier manufacturing lot number
- iv. STI-CO Purchase Order No
- v. Ship Qty
- vi. Date Code (can be date of shipment as long as traceable back to original mfg. lot)

STI-CO maintains a vendor rating system to track the overall performance of its suppliers. The rating system consists of two categories: Quality and On-Time-Delivery (OTD) and is used in part to determine your position as an approved supplier for STI-CO. A summary report outlining the overall performance score and shipment details will be sent periodically as determined necessary.

Supplier shall indicate the expiration date on the product or package along with any special storage or handling requirements that might also be needed for any limited shelf-life item. SDS sheets shall be provided where applicable. Supplier shall not supply limited shelf-life items expiring within 6 months of the delivery date. Such items shall be subject to rejection and replacement at Supplier's expense.

All products, where possible, shall be labeled at the lowest level of packaging to provide adequate traceability of all materials back to the original purchase order. The label must contain, at a minimum:

- i. STI-CO part number
- ii. STI-CO purchase order number
- iii. Supplier name
- iv. Supplier part number
- v. Product description
- vi. Manufacturing date and lot code
- vii. Quantity contained in the individual reel, tube, tray, or other packaging method

7. Packaging, Declaration of Origin, and Shipment

Unless otherwise specified, Supplier shall be suitably pack goods for their protection during transportation and ship via the lowest cost means that are otherwise appropriate for the goods in accordance with the requirements of common carriers. Supplier is responsible for contacting STI-CO to resolve any questions regarding proper packing or shipment under this Order. STI-CO reserves the right to refuse damaged goods when it is found that insufficient packaging was used, at Suppliers expense.

Packing lists will accompany each shipment, showing STI-CO's Order number, item number, quantity, total number of boxes, and description of the goods.

Supplier shall comply with all applicable export/import requirements. In addition, Supplier will be responsible for conducting due diligence on all of its business partners, which shall require, without limitation, that Supplier shall immediately notify STI-CO if any Supplier business partner relevant to the performance of this Order is listed on or is added to any Government denied party list or if any of their privileges become denied, suspended, or revoked.

Supplier shall supply:

- a) for U.S. Sources, the U.S. Munitions List Category or Export Control Classification Number (ECCN) and the Harmonized Tariff Schedule (HTS) number,
- b) for non-U.S. sources, the HTS number

When goods provided under this Order originate outside of the United States, prior to its first shipment of goods to STI-CO, Supplier shall provide STI-CO a Certificate of Origin specifying the Country of Origin, including Supplier name, STI-CO Order number, STI-CO part number, and, as requested, any other documentation that is reasonably required for Customs and Border Patrol (CBP) compliance.

8. Counterfeit Parts Prevention

Supplier shall maintain a counterfeit parts control program to prevent the shipment and receipt of any counterfeit materials from being delivered to STI-CO.

Supplier shall purchase goods and components directly from the Original Component Manufacturer (OCM) / Original Equipment Manufacturer (OEMs), or from the OCM/OEM authorized or franchised distributor. Procurement through an independent distributor or broker not authorized by the OCM/OEM is NOT authorized. A certificate of conformance shall accompany each shipment of goods delivered.

Supplier and all covered sub-tier suppliers shall abide by the requirements of 48 CFR Parts 202, 231, 244, 246 & 252, DFARS 252.246-7007 Counterfeit Parts-Prevention & Guidance.

9. **Ethical Behavior**

Supplier shall ensure personnel are aware of their contribution to product or service conformity and product safety and the importance of ethical behavior.

Supplier and all covered sub-tier suppliers shall abide by the requirements of:

- i. 29 CFR Part 741, 41 CFR § 60-1.4(a), Appendix A to Subpart A, 60-300.5(a) and 60-741.5(a) – Affirmative Action & Nondiscrimination Obligations of Federal Contractors & Subcontractors Regarding Individuals with Disabilities.
- ii. Fair Labor Standards Act of 1938, as amended 29 U.S.C. 201, et seq.
- iii. 52.222-19 Child Labor-Cooperation with Authorities & Remedies
- iv. 52.203-17 Contractor Employee Whistleblower Rights.

10. **Changes to Product or Process Definition**

Supplier shall notify STI-CO of any proposed changes to processes, drawings, designs, or specifications that would affect the form, fit, function, or quality of the goods being supplied. A written notification shall be provided using an engineering change request along with a completed first article report supporting the change that was made. This notification shall take place at least 45 days prior to the change taking place.

11. **Right of Entry**

Supplier shall permit STI-CO, its customers, and any regulatory authorities to enter supplier's facilities upon 48 hours or more notice. Any and all goods, inventories, machinery, documentation, or records used to manufacture product for STI-CO shall be made available. Supplier will ensure that STI-CO has the same rights of access given prior notice to any subcontractors of the Supplier for the purpose of carrying out an audit.

12. **Conflict Minerals**

Conflict Minerals - STI-CO fully supports the initiatives set forth by the EICC (Electronic Industry Citizenship Coalition) and the GeSi (Global e-Sustainability Initiative) pertaining to "Conflict Minerals." STI-CO will require a completed EICC/GeSi Conflict Mineral Reporting template from each of our suppliers, and implement an annual review process every year, from August 1st to the 15th. This review will ensure we are sustaining our commitment to the Dodd-Frank Act, and our commitment to being responsible global citizens.

13. **Cessation of Production**

If Supplier plans to cease production and delivery of any product supplied, Supplier shall immediately give written notice to STI-CO. Such notice shall include, but not be limited to the following information, no later than 12 months before production is to be ceased:

- i. Parts affected
- ii. Pricing and availability of last time buy (at least 6 months before end of production)
- iii. Supportability terms (repair and warranty) for last time buy
- iv. Recommendations for replacement goods

Supplier shall bear all costs related to cessation of production.

14. **Indemnification**

Without limiting the generality of any other provision of this Order, Supplier shall indemnify, protect, hold harmless, and defend STI-CO, its officers, directors, employees, agents, customers, successors, assigns, and other suppliers (each an "Indemnified Party") from and against any and every liability, claim of liability, allegation, judgment, cost, expense, reasonable attorney's fees, expense of litigation, court costs, cause of action, loss, or damage whatsoever, including, without limitation, death or injury to any person or damage to any property, resulting from or arising out of the performance of Supplier, its officers,

employees, agents, suppliers, or subcontractors at any tier, under this Order, howsoever arising, including, without limitation, by reason of negligence, breach of warranty, defect in design, material, workmanship or Service, or strict liability. In the event Buyer should bring an action for enforcement of this indemnification provision, Supplier agrees that Buyer shall be entitled to be awarded its reasonable attorneys' fees and costs if Buyer prevails in such proceeding.

Supplier agrees, in any instance where any claims, suits, actions, or legal proceedings, are brought against the Supplier that in any way affect any Buyer Indemnified Party's interests under this Order or otherwise, that:

- 1) Supplier shall notify Buyer Representative in a timely manner (not to exceed seven (7) Days) after learning of any actual or threatened claims, suits, actions, or legal proceedings, and shall not at any time consummate any settlement or admit to any liability on the part of Buyer without Buyer's prior written consent;
- 2) Without releasing any obligation, liability or undertaking of Supplier to indemnify Buyer hereunder, Buyer shall have the right to:
 - i) Cooperate in the defense of such claim;
 - ii) With permission of the court, intervene in any such action; or
 - iii) Supersede Supplier in the defense of any such Claim.

15. Invoicing and Payment

Concurrent with each shipment under this Order, Supplier shall transmit one original invoice to Buyer's Accounts Payable Department. Unless otherwise specified elsewhere in this Order, the invoice will be paid in US dollars. Delays in receiving invoices, errors or omissions on invoices, or lack of supporting documentation will be cause for Buyer withholding payment without losing discount privileges. Payment for the Goods delivered or Services performed under this Order shall be made in accordance with Order terms, following receipt of a valid invoice, or acceptance of such Goods or Services, whichever is later.

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